

Message Text

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 SAJ-01
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R 250630Z JAN 77
FM AMCONSUL MILAN
TO SECSTATE WASHDC 5189
INFO AMEMBASSY ROME

C O N F I D E N T I A L SECTION 1 OF 2 MILAN 0142

E.O. 11652: GDS
TAGS: PINT, PGOV, IT
SUBJECT: MILAN:SOCIALIST CASE FOR PCI-PSI GOVERNMENT.

1. SUMMARY. GROUP OF MILAN SOCIALIST PARTY AND UNION OFFICIALS--
APPARENTLY ON PSI LEFT--TOLD US JANUARY 21 THAT BROADLY BASED,
LEFTIST-LED GOVERNMENT, WITH DC IN OPPOSITION, WOULD
BE GIANT STEP IN SOLVING THEIR AND NATION'S PROBLEMS. IT
WOULD GUARANTEE UNION ACCEPTANCE OF SCALA MOBILE CHANGES -
WHICH CURRENT STRONG STAND OF UIL LEADER BENVENUTO WAS NOT
FACILITATING--AND GENERALLY WIN WORKINGMAN'S SUPPORT FOR
GOVERNMENT DURING TOUGH PHASE AHEAD. SPEEDY END TO ANDREOTTI
GOVERNMENT, THEREFORE, WAS DESIRABLE. NEW ARRANGEMENT WOULD GIVE
SOCIALISTS IMPORTANT ROLE OF KEEPING COMMUNISTS STRAIGHT. ON
INTERNAL PSI AFFAIRS, GROUP AGREED THAT GIACOMO MANCINI WAS
FINISHED IN PARTY AND THOUGHT HIS PREVIOUS DAY'S ATTACK ON
CRAXI'S SECRETARYSHIP WOULD PROVE INEFFECTIVE. THEY AGREED
CZECHOSLOVAK REPRESSION WAS EMBARRASSING PCI AND GIVING SOCIALISTS
OPPORTUNITY TO LEAD ITALIAN LEFT IN CONDEMNING CZECH EXCESSES. END
SUMMARY.

2. LUNCHEON DISCUSSION AT CONGEN'S RESIDENCE WITH SEVEN MILAN
SOCIALISTS--FIVE PARTY AND TWO UNION OFFICIALS--REVEALED THAT
AT LEAST SOME PSI LEADERS WOULD LIKE TO SEE REPLACEMENT OF
ANDREOTTI GOVERNMENT BY ONE INCLUDING PCI, PSI, AND AS MANY
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MINOR PARTIES AS POSSIBLE, WITH DC IN OPPOSITION. BOTH MILAN
PROVINCIAL VICE SECRETARY MAURIZIO RICOTTI AND CITY SECRETARY
GIANSTEFANO MILANI CONTENDED THAT, SINCE DISSOLUTION OF
PARLIAMENT NEEDED PARLIAMENTARY MAJORITY APPROVAL AND THERE
WAS NO AGREEMENT ON THAT, ANDREOTTI'S FALL COULD BRING NOT NEW
ELECTIONS BUT NEW MIX OF PARTIES AS THEY NOW STAND. ONLY POSSIBLE MIX
AT

MOMENT WAS LEFTIST-DOMINATED COALITION THAT EXCLUDED DC. WITHOUT LEFTIST PARTIES IN GOVERNMENT, HOW COULD WORKERS ACCEPT SACRIFICES THAT IMPLEMENTATION OF REAL AUSTERITY PROGRAM IMPLIED? SOCIALISTS, AS COMMUNISTS' MAIN PARTNERS IN GOVERNMENT, COULD PLAY IMPORTANT ROLE OF KEEPING PCI HONEST AND BENEFIT BY BECOMING POLL OF ATTRACTION FOR ALL OPPOSED TO COMMUNISTS. SO DESIRABLE WAS THIS TURN OF EVENTS FROM PSI VIEW POINT, ACCORDING TO PSI PROVINCIAL DIRECTIVE MEMBER BRUNO FALCONIERI, THAT HE HOPED IMF WOULD REFUSE FURTHER LOANS TO ITALY IN ORDER TO END PRESENT GOVERNMENT. "SOMEONE'S GOT TO DO IT."

3. (COMMENT. OTHER IMPORTANT MILAN SOCIALISTS PRIVATELY FEAR PSI IN GOVERNMENT WITH COMMUNISTS, EVEN AS PART OF "EMERGENCY" GOVERNMENT WHICH IS PSI'S OFFICIAL POSITION. LOMBARDY REGIONAL VICE PRESIDENT GIORGIO GANGI IS ONE SUCH, AND MILAN PROVINCIAL PARTY SECRETARY GIUSEPPE ABBONDANZA ANOTHER. EVEN LEFTIST MILAN PROVINCIAL EXECUTIVE MEMBER VALERIO BITETTO, WHO WAS AT LUNCHEON BUT TOOK NO PART IN ABOVE DISCUSSION, HAD TOLD US SEVERAL DAYS EARLIER THAT BEST GOVERNMENT AT MOMENT FOR PSI WAS ANDREOTTI'S AND SECOND BEST WAS ONE THAT DEPENDED ON PCI FOR OUTSIDE SUPPORT ONLY. END COMMENT.)

4. IN GENERAL DISCUSSION ON UNION-CONFINDUSTRIA NEGOTIATIONS AND, MORE SPECIFICALLY, POSSIBILITY OF WATERING DOWN SCALA MOBILE (AUTOMATIC WAGE ADJUSTMENT SYSTEM), SOCIALISTS TOOK FAIRLY HARD PRO-LABOR LINE WHILE AGREEING THAT SOME CHANGES CERTAINLY WERE POSSIBLE. RADICAL AND UNILATERAL CONCESSIONS ON SCALA MOBILE OUT OF QUESTIO, PARTICULARLY UNDER ANDREOTTI GOVERNMENT, BUT SOME PERHAPS SIGNIFICANT REDUCTIONS WERE POSSIBLE. CONFIDENTIAL

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5. INTERESTINGLY, ALBERTO BELLOCCHIO, CGIL MILAN CITY SECRETARY AND ABLE YOUNG AUTHORITATIVE UNION VOICE, WAS MOST FLEXIBLE OF ALL. IN SIDE CONVERSATION, HE DECIDEDLY DISAPPROVED OF UIL SECRETARY GIORGIO BENVENUTO'S INTRANSIGENCE AS SPOKESMAN FOR THREE LABOR UNIONS. HE CALLED QUANTUM JUMP IN BENVENUTO'S BRAVADO AND VOLUBILITY--CERTAIN AMOUNT OF WHICH HAD ALWAYS BEEN NORMAL--PUZZLING. BENVENUTO WAS MAKING CGIL'S RELATIVELY MODERATE STANCE LOOK APPEALING TO MIDDLE CLASSES BUT EMBARRASSING CGIL SEVERELY WITH ITS RANK AND FILE. BENVENUTO HAD APPARENTLY FORGOTTEN THAT AMONG UNIONS, ONLY CGIL WAS IN POSITION TO GUARANTEE OBSERVANCE OF LABOR AGREEMENTS. WHEN COMPROMISE FINALLY REACHED BETWEEN CGIL AND CONFINDUSTRIA, BENVENUTO AND HIS INTRANSIGENCE WOULD STAND DISCREDITED. BELLOCCHIO CLAIMED UIL MEMBERSHIP HAD NOT INCREASED SINCE BENVENUTO HAD TAKEN OVER, ANOTHER REASON MANAGEMENT HAS ALREADY DISCOUNTED HIM AS REAL WEIGHT IN LABOR EQUATION.

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6. BELLOCCHIO ILLUSTRATED CGIL MODERATION IN HIS VIEWS ON
SCALA MOBILE. NO MATTER THAT BENVENUTO HAD MADE AUTOMATIC WAGE
ADJUST-MENT SYSTEM INTO SACRED COW. IT WOULD EVENTUALLY BE
CHANGED, THOUGH ELABORATE LANGUAGE MIGHT BE DEvised TO MAKE
CHANGE LESS BRUTAL. AND JUST HOW WOULD UNIONS EXPLAIN TO WORKERS
WHAT HAD HAPPENED? BELLOCCHIO SAID EFFORT WOULD INVOLVE APPEALS
TO EXAMPLE OF WEST GERMAN UNIONS, WHO HAVE LESS FAVORABLE
SYSTEM. HOW COULD ITALIAN WORKERS DEMAND MORE THAN THAT
ENJOYED BY COLLEAGUES WHOSE COUNTRY WAS BEING IMploRED TO
HELP BAIL OUT ITALIAN ECONOMY?

7. ON INTERNAL PSI AFFAIRS, SOCIALISTS AGREED THAT, WHILE
NO DRAMTIC JUMPS IN PSI POPULARITY HAD OCCURRED OR COULD BE
EXPECTED, PARTY HAD TURNED CORNER AND WAS ON WAY BACK. MORALE
WAS UP. FEELING WAS FADING THAT COMMUNISTS WERE TEN FEET TALL.
YOUNGER PEOPLE, SYMBOLIZED BY PARTY SECRETARY BETTINO CRAXI,
WERE EVERYWHERE BING GIVEN MORE RESPNSIBILITY. AS FOR PREVIOUS
DAY'S INITIATIVE BY PSI LEADER GIACOMO MANCINI AND POSSIBILITY
HE MIGHT BE TEAMING UP WITH EX-SECRETARY FRANCESCO DE MARTINO
TO ATTACK CRAXI, BOTH MEN WERE DISCOUNTED. MANCINI, SAID
BITETTO, WAS FINISHED IN LOMBARDY, HIS SUPPORTERS HAVING SHIFTED
TO CRAXI. CRAXI HAD BEEN ADROITY ENOUGH, AFTER HAVING BEEN
ELECTED SECRETARY WITH MANCINI'S HELP, TO CUT MANCINI'S
SUPPORT OUT FROM UNDER HIM. NOW, CRAXI NO LONGER DEPENDED ON
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8. WITH REGARD TO PCI, GROUP SEEMED SOMEWHAT TO LEFT OF SOME STRONGLY ANTI-COMMUNIST MILAN AUTONOMISTS. BUT NOT MUCH. THEY VIEWED PCI WITH SUSPICION AND NO LOVE DESPITE ASSESSMENT OF MOST THAT BOTH ITALY'S AND PSI'S INTERESTS WOULD BE BEST SERVED BY PCI IN GOVERNMENT AT PRESENT MOMENT. THEY FELT SOCIALISTS WERE UPSTAGING PCI ON QUESTION OF CZECH REPRESSION AND COULD CLAIM SOME CREDIT FOR CONDEMNATIONS THAT COMMUNISTS HAD COME OUT WITHIN MILAN AND ELSEWHERE.

9. INDICATIVE OF GROUP'S ATTITUDE TOWARD US WAS OFFER TO COOPERATE BEHIND SCENES TO FIND ACCEPTABLE SOLUTIONS TO PROBLEMS INVOLVING US MULTINATIONS IF LEADERSHIP ALERTED TO PROBLEMS BEFORE PUBLIC DISPUTE HAD DEPRIVED THEM OF FLEXIBILITY.

10. COMMENT. SOCIALIST GROUP, ALL OF WHOM ARE MEN IN THEIR THIRTIES OR EARLY FORTIES WITH JOBS OF SUBSTANTIAL PARTY OR UNION RESPONSIBILITY, ILLUSTRATES WHAT IS RIGHT AND WRONG WITH PSI TODAY. THEY HAVE REJECTED DEFEATIST ATTITUDE PREVALENT UNDER DE MARTINO AND ACCEPT NEED TO DISTINGUISH THEMSELVES BY OPPOSING PCI (AS WELL AS DC). YOUNG THEMSELVES, THEY ARE HAPPY TO SEE BACKS OF FIGURES--LIKE DE MARTINO--ASSOCIATED WITH PAST. THEY SEE NEED FOR UNIONS TO BEHAVE RESPONSIBLY (THOUGH THIS VIEWPOINT CAME PRIMARILY FROM CGIL RATHER THAN PARTY REPS). THEY WANT CLOSER TIES WITH US. THEY ARE PROBABLY GUILTY OF VERY FAULTY REASONING, HOWEVER, IN THINKING THAT WHAT PARTY NEEDS IS PERIOD IN POWER WITH COMMUNISTS. AND THEY ARE OUT OF LINE ON THIS CRUCIAL POINT WITH THE MOST AUTHORITATIVE MILAN SOCIALISTS. WHICH MEANS MILAN PSI HAS SOME SERIOUS INTERNAL SORTING OUT TO DO BEFORE IT PRESENTS ITSELF AGAIN TO ELECTORATE. END COMMENT.FINA

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